

**SCHEDULE H
(Form 1120-F)**Department of the Treasury
Internal Revenue Service

Name of corporation

**Deductions Allocated To Effectively Connected
Income Under Regulations Section 1.861-8**▶ Attach to Form 1120-F.
▶ See separate instructions.

OMB No. 1545-0126

2007

Employer identification number

Part I Deductions Directly Allocated and Apportioned to ECI and Non-ECI**Note.** Enter all amounts in Part I in functional currency. Specify functional currency ▶

| | | | | |
|----|--|----|--|--|
| 1 | Total expenses on the books of the home office | 1 | | |
| 2 | Adjustments for U.S. tax principles (attach schedule - see instructions) | 2 | | |
| 3 | Total adjusted deductions on the books of the home office. Combine lines 1 and 2 | 3 | | |
| 4 | Interest expense (included in line 3) (in foreign currency) | 4 | | |
| 5 | Bad debt expense (included in line 3) (in foreign currency) | 5 | | |
| 6 | Total of interest expense and bad debt expense. Add lines 4 and 5 | 6 | | |
| 7 | General and administrative deductions included in line 3. Subtract line 6 from line 3 | 7 | | |
| 8 | Deductions directly allocable to non-effectively connected income from subsidiaries | 8 | | |
| 9 | Deductions directly allocable to other non-effectively connected income booked in the home country | 9 | | |
| 10 | Deductions directly allocable to other non-effectively connected income booked in other countries (including the United States) | 10 | | |
| 11 | Add lines 8 through 10 | 11 | | |
| 12 | Remaining deductions on the books of the home office allocable under Regulations section 1.861-8. Subtract line 11 from line 3 | 12 | | |
| 13 | Less: Deductions directly allocated to effectively connected income | 13 | | |
| 14 | Remaining deductions on the books of the home office indirectly allocable under Regulations section 1.861-8. Subtract line 13 from line 12 | 14 | | |

Part II Home Office Deductions Indirectly Allocated and Apportioned to ECI and Non-ECI**Note.** Enter the amounts in Part II, lines 16 through 21, in U.S. dollars.

| | | | | |
|----|---|----|--|--|
| 15 | Average exchange rate used to convert allocable deductions to U.S. dollars (see instructions) | 15 | | |
| 16 | Deductions from line 14, in U.S. dollars, indirectly allocable under section 1.861-8. Multiply line 14 by line 15 | 16 | | |
| 17 | Indirect allocation and apportionment of line 16 amount to ECI (attach computation) | 17 | | |
| 18 | Deductions directly allocated to ECI from line 13, in U.S. dollars. Multiply line 13 by line 15 | 18 | | |
| 19 | Total home office deductions allocated to effectively connected income. Add lines 17 and 18 | 19 | | |
| 20 | Total deductions from other non-U.S. locations allocated and apportioned to effectively connected income | 20 | | |
| 21 | Total deductions allocated and apportioned to effectively connected income. Add lines 19 and 20 and enter the amount here and on Form 1120F, section II, line 26 | 21 | | |

Part III Indirect Allocation and Apportionment Methods and Financial Records**Note.** Enter the amounts in Part III, lines 22a, 22b, 23a, 23b, and 25 (if applicable), in functional currency.

| | | | | |
|----|--|-----|--|---|
| 22 | Gross Income Ratio: | | | |
| a | Effectively connected gross income | 22a | | |
| b | Worldwide gross income | 22b | | |
| c | Divide line 22a by line 22b | 22c | | % |
| 23 | Gross Asset Ratio: | | | |
| a | Average U.S. assets from Schedule I, line 5, column (d) | 23a | | |
| b | Average worldwide assets from Schedule I, line 6b, if applicable | 23b | | |
| c | Divide line 23a by line 23b | 23c | | % |
| 24 | Number of Personnel: | | | |
| a | Personnel of U.S. trade or business within the United States | 24a | | |
| b | Worldwide personnel of foreign corporation | 24b | | |
| c | Divide line 24a by line 24b | 24c | | % |
| 25 | Other ratio based methods (attach schedule) | | | |
| 26 | Other methods (e.g., time spent analysis) (attach schedule) | | | |

Part III Indirect Allocation and Apportionment Methods and Financial Records *(continued)*

Financial and other records used to identify deductions allocated and apportioned to ECI

| | Yes | No |
|--|-----|----|
| 27a Published or other non-public audited financial statements | | |
| b Non-audited financial statements | | |
| 28 Home office management or other departmental cost accounting reports | | |
| 29 Other (e.g., home country regulatory reports) (attach schedule) | | |

Part IV Allocation and Apportionment of Deductions on Books and Records Used to Prepare Form 1120F, Schedule L**Note.** Enter all amounts in Part IV in U.S. dollars.

| | | | |
|---|---|--------------------|------------------------|
| 30 | Total expenses per books and records used to prepare Form 1120F, Schedule L | 30 | |
| 31 | Adjustments for U.S. tax principles (attach schedule - see instructions) | 31 | |
| 32 | Total deductions per line 30 books and records. Combine lines 30 and 31 | 32 | |
| 33a | Third party interest expense per books and records | 33a | |
| b | Interbranch interest expense per books and records | 33b | |
| 34 | Bad debt expense per books and records | 34 | |
| 35 | Other third party deductions not allocable (attach schedule) | 35 | |
| 36 | Interbranch expenses per books not included on line 32b (attach schedule) | 36 | |
| 37 | Add lines 33a through 36 | 37 | |
| 38 | Deductions on books and records allocable and apportionable under Regulations section 1.861-8. Subtract line 37 from line 30 | 38 | |
| Reconciliation of allocable expenses on books under Reg. 1.861-8 (from line 38) | | (a) ECI Amounts | (b) Non-ECI Amounts |
| 39a | Derivative transaction deductions directly allocated under section 1.861-8 (from line 38) | 39a | |
| b | Other deductions directly allocated and apportioned | 39b | |
| 40 | Total expenses directly allocated and apportioned. Add lines 39a and 39b | 40 | |
| 41 | Deductions on books and records indirectly allocated and apportioned | 41 | |
| 42 | Total deductions allocated and apportioned. Add lines 40 and 41. Column (c) must equal line 38 | 42 | |

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